

**Incorporating
a Gender
Perspective in
the
DAI/CONCADE
Project**

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EXECUTIVE SUMMARY

The original design and work plan of the CONCADE Alternative Development Project (“the Project”) which is being implemented by Development Alternatives, Inc. (“DAI”) in the Chapare region of the Department of Cochabamba, Bolivia, did not include a gender component. The first step the Director of the Project, Steven Huffstutlar, took to address this issue, was to create a new position, Coordinator of Women’s Activities. Recognizing that there was more to be done, however, if a gender perspective were to be truly incorporated into the Project, he requested that DAI hire me to do a four-week consultancy with a scope of work that included:

- “ Assisting in defining the role of the Project’s Coordinator of Women’s Activities.
- “ Identifying ways of integrating a gender focus into all of the activities of the Project.
- “ Organizing and presenting a seminar on gender issues in development projects for the staff members of: the DAI Cochabamba and Chapare offices, institutions partnering with the Project, and other institutions implementing similar projects in the Chapare.
- “ Researching the feasibility of establishing a microcredit, “village banking” type of program targeting women in the Chapare.

The following are my observations and recommendations based on my experiences during the four weeks that I spent working with Rosio González, the Coordinator of Women’s Activities, in Cochabamba, the Chapare, and La Paz.

First, I recommend that the title “Coordinator of Women’s Activities” be changed to “Gender Specialist”, since the role of this position should not only be one of coordinating activities for women. Rather, it should be to oversee the inclusion of a gender focus in ALL of the Project’s activities. It has been demonstrated by other Alternative Development projects around the world that the way in which women are included plays a role in the overall efficiency and success of the projects in reaching their objectives. A principal objective of the Project is to permanently change the economic activities of the families in the Chapare region—from growing coca plants to growing alternative crops and engaging in other licit activities. Since women in rural areas of Bolivia, including the Chapare, have great influence on managing their family’s “economy”, it is important that women as well as men are convinced that this change would be profitable and desirable. Hence, women should be encouraged to directly participate in ALL of the training sessions and other services offered to the producers’ associations (the main target groups) by the Project.

There are a number of challenges to achieving this full integration of women into the Project. The work necessary to meet these challenges is much too broad for the Gender Specialist to cover alone. Though four of the new field agents being hired by the Project will work directly with her and form a “team”, my recommendation is that another more senior person be hired by the Project, or brought in through DAI’s WIDTech area, to assist and/or provide

guidance to the Gender Specialist. The most important tasks which should be undertaken by this team are:

- " Designing and delivering a detailed training program for the existing Project staff members, and the approximately eighty new field agents who are in the process of being hired, on gender issues and the importance of including women in all of the activities of the Project.
- " Beginning a program or "campaign" to persuade the beneficiaries of the Project—both men and women—that the women can and should actively participate in all of the Project's activities. Often the women themselves state that they are uncomfortable participating with men in training and other activities since they have no formal education and they lack self-confidence. In these cases, special, separate, attention may first have to be given to the women to help them develop basic skills.
- " Establishing a monitoring system to track whether or not the goal of incorporating a gender perspective is actually being achieved.

Training of the Project staff members was begun in the seminar on "Gender issues in Alternative Development projects" that Rosio González and I presented. It is important that a follow-up activity be conducted in the near future—before momentum is lost—to have each member of the staff formulate a work plan detailing how he or she will include a gender focus in his or her work. The new field agents being hired should also be asked to complete such an exercise. The "Gender Specialist" and her team could assist the staff and other field agents with this task.

A very effective way that the Project could assist women in the Chapare to develop basic life skills, build their leadership capacity, and prepare them to actively participate in the producers' associations is by supporting a "village banking" program for women. Such programs use a methodology that combines training with credit based on group solidarity guarantees. These groups or "village banks" have been proven worldwide to serve as training grounds for women to build self-confidence as they learn about managing credit, savings, small businesses, and the administration of their groups. The only institution that is successfully implementing such programs in rural areas of Bolivia, and is interested in establishing operations in the Chapare region, is "CRECER"/Freedom from Hunger". Founded as an international, non-governmental organization (NGO) operating in Bolivia, the institution is currently in the process of becoming a Bolivian NGO.

Though many credit institutions do not want to operate in the Chapare because the population of the region is accustomed to receiving grants, and many other attempts at establishing credit programs have failed, CRECER is willing to set up a "village banking" program there. However, the institution would first have to do a market study of the region. I recommend that the Project fund the market study. Then, if the results demonstrate that such a program would be successful, I recommend that the Project enter into a contractual agreement with CRECER to fund a program, or at least operational start-up costs, for the region. One of the primary terms of the contract would define the geographic areas within the Chapare in which

CRECER would be able to operate to make sure they coincide with the areas where the Project is working.

INTRODUCTION/PURPOSE OF CONSULTANCY

In the original design and work plan of the DAI/CONCADE Alternative Development Project, there was no mention of gender issues or of how a gender perspective should be incorporated into the project. There was also no mention of a direct credit component, gender-specific or other. Given that a clear priority of USAID is to ensure that all of its projects and programs are non-discriminatory and provide equal access to both women and men, the administrators of the DAI/CONCADE Project decided to address this issue and ensure that the Project would include a gender focus.

The original scope of work for my assignment was to research the possibility of establishing a microcredit, group lending (“village banking”) program for women in the tropical region of the department of Cochabamba, Bolivia also known as “the Chapare” region, where the CONCADE Project is being implemented. I was to interview existing microcredit programs in Bolivia to determine the suitability of their methodology and institutional soundness, and assess their willingness to begin operations in the Chapare. The purpose of establishing such a program in the Chapare is not only to offer credit to women there, but promote their overall development as well, since it is recognized worldwide that the village banking methodology provides one of the most effective ways or “tools” to accomplish this.

Once I arrived in Cochabamba, the scope of my consultancy was broadened. In addition to determining the feasibility of setting up a village banking program in the Chapare, I was to ascertain the most effective way to integrate a “gender” focus into all of the activities and objectives of the CONCADE Project, if possible. Given the difficulty of incorporating an entire new component into any project after the project has already been designed, the task was really to identify the most logical way of including a gender perspective. Also, I was to assist in defining more clearly the role or job description of the current Coordinator of Women’s Activities. Since this position had been created after the project was initiated, it was not obvious how it should relate to the other positions in the existing organizational chart.

Yet another duty added to my scope of work was that of organizing and presenting a seminar for the staff members of: 1) the DAI/CONCADE Project, 2) other institutions partnering with the Project such as USAID, IBTA, PDAR, C.C.V.V., and 3) institutions conducting similar activities in the Chapare region such as FAO and PRAEDEC. The purpose of the seminar was to increase awareness of the need to look at the impact of gender issues on the Project in two areas. First, to highlight the fact that there should be no discrimination against female employees of the Project, and second, to discuss how the implementing organizations can foment the integration of women and older children into the Project’s activities. In addition, the seminar was to serve as a forum for the sharing of ideas and experiences and hence provide an opportunity to promote an atmosphere of cooperation among the implementing agencies of projects in the Chapare.

PART ONE

INCORPORATING A GENDER PERSPECTIVE IN THE DAI /CONCADE PROJECT

CHAPTER ONE

GENDER ISSUES IN ALTERNATIVE DEVELOPMENT PROJECTS

Incorporating a gender perspective in Alternative Development Projects means that for any planned activity or intervention, the implications will be assessed for both male and female beneficiaries. In the broadest sense, the implications will be assessed for their impact on the entire family unit. In most cultures, women have a great influence in all aspects of family life, including the family's economic structure. Therefore, analyzing gender issues in these projects is critical since the approach to how the women and children are included will play a role in the overall efficiency and success of the projects in reaching their objectives.

Women are already active participants in the vast majority of Alternative Development Projects. However, they tend to play an active role as laborers, but not as participants in the control of resources, and in decision-making processes. The purpose of a "gender component" is to change this dynamic, facilitate women's work, and empower them, not just to create additional work for them. Many projects make the mistake of simply involving women in separate, secondary activities, which actually creates additional work for them. Rather, efforts should be made to integrate women into all of the projects' activities, including the decision-making processes. This focus on integration can also include older children to promote family integration and ensure that the projects' philosophies and objectives are accepted and understood by all family members.

CHAPTER TWO

THE DAI/CONCADE PROJECT

It is apparent in the DAI/CONCADE Project, as in other Alternative Development Projects, that women are already participating. However, there is a need to move them from the status of laborers to equal participants. For the Project to reach its goals and objectives, women must be encouraged to reach their full capacity. One of the Project's goals is to establish a viable, self-supporting agricultural economy for licit products from coca-free zones in the Chapare. This can best be done by incorporating all of the human resources in the new activities. If the overall goal of the Project is truly to permanently change the mentality of the people in the Chapare, then efforts must be made to change the mentality of women since the women shape the children—the future of society.

The problem is that women are not always taken into account and their efforts are not recognized or valued, not even by themselves. Therefore, they do not always have equal access to the training sessions and other activities that are offered by the Project. Generally, the men are in control of the producer associations which receive the training, and they do not invite the women to participate. The challenge is to assist women in becoming active participants in the producer associations and ideally, to assume positions of leadership where they will have decision-making authority, such as in the governing boards of these groups.

It is important to note that in the process of introducing a gender perspective in the Project, the male beneficiaries will also have to be “educated” and encouraged to allow women to participate. Men will need to understand that it will ultimately benefit them and the entire family unit if their wives participate in the full array of activities.

A subtle, but important element, in convincing the women and men of the Chapare that women can be successful in roles other than the traditional ones of maintaining the household and acting as silent laborers, is the presence of professional female role models such as technicians and field agents. Therefore, one of the ways that the Project can influence the way women are viewed by the project beneficiaries, is by increasing the number of female professional field staff.

CHAPTER THREE COORDINATOR OF WOMEN'S ACTIVITIES (GENDER SPECIALIST)

The position of “Coordinator of Women’s Activities” was created in response to the need to incorporate gender activities into the Project. However, neither the responsibilities of the position, nor how it would relate to other positions within the Project were very clearly defined.

CURRENT STATUS OF POSITION

The tendency has been for the Project officials—managers and technicians—to view the position of Coordinator of Women’s Activities as somewhat separate and apart from the other field positions. Until recently, the responsibilities appear to have been viewed primarily as creating and coordinating activities, outside of the scope of the original Project Work Plan, in which only women will participate, such as making marmalade, sewing, producing handicrafts, etc.

Rosio Gonzáles, the woman currently holding this position, was convinced that this view of what was necessary to provide a gender perspective within the Project was too limited. So, she completed a preliminary study of the situation of the women living in the Chapare, highlighting their role(s) in productive activities, including the activities involved in the production of the five basic crops on which the Project is focusing. What the study demonstrated was that, as suspected, the women of the Chapare are involved in the agricultural production processes in almost every phase. However, as noted above, they rarely participate in the training offered by the technicians of the Project. The reasons for their absence during the training sessions are varied. The two main reasons, though, are that they either are not explicitly invited by the technicians, or the men running the producer associations receiving the training do not encourage the women to participate.

Based on this information, and on other observations of how women are (are not) participating in the DAI/CONCADE Project, both Ms. Gonzáles and I decided that viewing her role as simply to coordinate separate “women’s activities” would not be the most efficient way to ensure that the women of the Chapare have equal access to the benefits the Project has to offer.

RECOMMENDATIONS FOR THE FUTURE FOCUS OF THE POSITION

First, I recommend that the job title be changed to “Gender Specialist”. Next, I recommend that the scope of the position should be broadened. It should not be just to create and coordinate activities for the female project beneficiaries. Instead, the main responsibility of the Gender Specialist should be to provide training on gender issues for the other officials—managers, technicians, field agents—working on the Project, as well as for the Project’s

beneficiaries, and to ensure that a gender perspective is incorporated in all of the major activities of the Project.

In order to do this, the Gender Specialist will need to coordinate with the technicians and field agents responsible for all of the Project's field activities. Therefore, it would be helpful if all of the technicians and field agents would coordinate their work plans at the beginning of each 10-day work period in the Chapare so that the Gender Specialist would be able to ensure that all activities being planned will take gender issues into account.

Training of Field Agents

The managers of the Project are in the process of selecting four outside, private companies which will provide field agents to be responsible for working directly with the producer associations (Project beneficiaries) in the Chapare. There will be approximately 80 field agents covering all of the geographic areas included in the Project. The companies have already been requested to ensure that at least 20% of these agents are women and that one of the senior agents from each company, a woman, be assigned to work directly with the DAI/CONCADE Gender Specialist. Even though the companies and organizations managing projects in the Chapare have claimed difficulty in trying to convince professional women to move to the region, the companies providing the field agents should have to comply with this "20%" requirement.

At least one of the components in the training program for all of the new field agents should be about gender issues in development projects. The Gender Specialist should be responsible for designing and delivering this training. The field agents should be required to implement what they learn in these seminars during their meetings and activities with the producer associations. The Gender Specialist should follow up via random visits to the association meetings and training sessions to ensure that the field agents are complying with this requirement. She should also speak directly with the women in the communities to verify that they have been included in the training sessions. It is important that when the field agents' undergo an annual performance evaluation, that a criterion for judging their effectiveness be their success in incorporating a "gender perspective" in their work.

Strengthening of Producer Associations

One of the important activities of the Project is to strengthen the administrative capacities of the producer associations. Though this is the responsibility of the field agents, the Gender Specialist should also be responsible for ensuring that during the process, women are encouraged to participate wherever and whenever they are capable of doing so. Once again, she will work in coordination with the other technicians and field agents. Her role will be to encourage existing associations to promote the participation of women in the monthly meetings and to encourage the women to assume positions within the governing boards of the associations.

To achieve these goals, the Gender Specialist may at times conduct special, extraordinary, training sessions for the wives of the male members of the associations, or temporarily establish separate all-women associations. This might be necessary in cases where the women do not feel prepared to participate on the same level as the men. This type of “positive discrimination” should be seen as a transitional activity, however, and there should always be a focus on moving towards having a single association for men and women in each community. It is more efficient to have just one association in terms of both time and the cost of human resources. It is also the best way to ensure that the women will have access to the same information and resources as the men.

Training on Productive Processes (5 Principal Agricultural Products)

Women are already participating in almost every phase of the production of the five key crops being promoted by the DAI/CONCADE Project: banana, pineapple, passion fruit, palm hearts, and black pepper. They assist in almost every activity from planting to preparing the harvested fruit for market. However, very often, the women do not have access to the training that the men receive from the technicians regarding these processes. The Gender Specialist will be responsible for seeing that women should be encouraged to participate in all of these training sessions. This could occur both by making sure the field agents are focusing on including women and, in some cases, by co-facilitating training sessions with the field agents.

If there are certain activities associated with producing the five main crops, that the women note as being problematic for them, then these areas should be emphasized in the training sessions. If the women need additional help with understanding the processes, then separate training sessions can be organized for them.

Coordination with other Organizations

Another activity for which the Gender Specialist should be responsible is the identification of and coordination with other organizations that can provide additional training and education for the women of the Chapare in areas and activities outside of the main scope of the Project. For example, it is already apparent that many of the women in the Chapare have not had access to basic education and need training in many areas such as literacy skills. The Project can coordinate with organizations such as CEPRA (Center for Educational Radio Productions) and AVE (Educational Audio Visuals) to organize training sessions using visual materials and disseminate information through radio broadcasts in the women’s native languages.

Other examples are: identifying an organization or a person to provide training for a group of women that has indicated it wants to learn how to sew; and making contact with the NGO (non-governmental organization), based in Connecticut, “Aid to Artisans”, for the women artisans who make jipijapa (straw) products so they can receive training in how to improve

the quality of their products. Such needs of the women in the Chapare can be identified by the field agents whose responsibility it should be to bring this to the attention of the Gender Specialist.

Coordination with Educational Institutions

It has been proposed that another position be created, (to be filled by a women), to act as a liaison between the Project and the educational institutions in the Chapare region as well as in Cochabamba and Santa Cruz. The focus of this position will be to persuade the faculty heads (deans) of the institutions to include gender issues in their curricula so that future generations of agronomists and technicians who will graduate will already have been exposed to these ideas. Once these faculty heads have agreed to incorporate “gender” into their curricula, then this liaison will work with the institutions on the development of the curricula. The Gender Specialist should oversee this activity, or at least coordinate with the person in this new position.

A secondary function of this position could be to establish internships to bring students into the Chapare to work on projects related to their course work, or to encourage professors to have their students do their theses on topics relevant to the Chapare. Of course, men as well as women would be encouraged to participate in these activities.

The institutions which would be targeted are those such as: TAC (Tecnológico Agropecuario Canadiense) in Chimoré, Universidad Mayor de San Simon (the State University in Cochabamba), Universidad Privada de Valle, Universidad Técnica Privada Cochabamba, Universidad Católica, and the Universidad Gabriel René Moreno (the state university in Santa Cruz). Although the results of these activities will not have an immediate impact on the Project, they will have an impact on future development projects in the region.

CHAPTER FOUR

RECORDING THE SITUATION OF WOMEN IN THE CHAPARE

BASELINE SURVEY

The Coordinator of Women's Activities (Gender Specialist) designed a survey which will be conducted during the month of December 1999. The objective of the survey is to provide a rapid overview of the conditions of women in the Chapare region. Though it is not intended to be a comprehensive study, it will serve as a basic guideline for planning purposes as it will indicate the areas in which the women need the most assistance. Local women have been identified and selected to conduct the interviews in each of the seven microregions of the Chapare.

The results of the survey are also expected to demonstrate more precisely why women do not participate in the producers' associations. Although the main reasons cited are that they lack basic education and therefore feel incompetent, and they do not have enough time due to an excessive amount of work, there may be other causes. The Gender Specialist will then be able to more clearly identify solutions to these problems.

ONGOING MONITORING

Although numbers are not always the best indicators for measuring beneficiaries' participation in a project, they are a place to start. From today forward, the Project should record and report gender specific data. For instance, the number of women participating in training sessions offered by the Project and the number of women attending the producer associations' monthly meetings should be tracked. In this way, it can be determined at quarterly or annual intervals if the number of women participating in these areas is increasing.

Also, all other relevant data should be classified by sex. Field agents should be required to report this type of information. They should also be asked to share their experiences in terms of trying to encourage women to participate in the Project's activities so that lessons learned and "best practices" can be shared.

CHAPTER FIVE

MARKETING OF PRODUCTS PRODUCED BY WOMEN

Although the goal of incorporating a gender perspective into the Project is not to create separate “women’s” producer associations, some of these associations already exist, such as the women’s group that weaves Jipi Japa artisan products. In cases such as this, the Project should include these products among others from the Chapare that it is trying to market.

CHAPTER SIX

SEMINAR: INTEGRATION OF WOMEN IN ALTERNATIVE DEVELOPMENT PROJECTS IN THE CHAPARE

SEMINAR PRESENTATION

The seminar which Rosio Gonzáles and I organized and presented was intended to promote discussion and raise awareness of the staff of the Alternative Development Projects in the Chapare with regards to gender issues. First, we presented an overview of what is meant by “gender” and incorporating a gender perspective into the Projects. Next we discussed the discrimination faced by the female employees and beneficiaries of these Projects. After this we showed a video, which we had produced specifically for this event and for future training sessions, depicting the current situation of women in the Chapare region. Then, we had the approximate 60 attendees form five work groups in which they conducted roundtable discussions. At the end of this session, the groups presented their recommendations for integrating women into the Projects and avoiding discriminatory practices.

Following the group presentations, there were presentations from outside speakers whom we brought in to discuss different “tools” which can be used to educate women and stimulate their development. The Operations Manager and Cochabamba Regional Manager of “CRECER”/Freedom from Hunger (Crédito con Educación Rural) spoke about their institution and how they use a group lending “village banking” program as a means to teach women in rural areas of Bolivia, who have not had access to formal education, critical subjects such as food security, family health, basic finances, and how to use credit to promote small business development. The Executive Director of CEPRA (Centro de Producción Radiofónica) discussed her organization’s objectives and how they use radio programs as a means to reach indigenous women and men in rural areas with important information. The Director of AVE (Audio Visuales Educativos) discussed how they use visual media to teach and train people—especially those who are illiterate and underprivileged.

Finally, we invited two women from the Chapare, who are beneficiaries of the Project, to speak about their difficulties, life experiences, and the roles of men and women in the Chapare. Also, they shared their perspectives about participating in the Project’s activities and how women can benefit from the Project.

RECOMMENDATIONS AND FOLLOW-UP

- “ The video could be used, as it was in the seminar, to promote discussion and debate during the training sessions for the field agents. There is also a “study guide” which goes along with this video that provides interesting topics for reflection on gender issues.
- “ Organize another workshop for the staff of DAI/CONCADE from both the Cochabamba and Chapare offices to develop a work plan outlining how they plan on moving forward

with the suggestions of how to incorporate a gender perspective into their daily work. (It would be interesting if the staff members of the other agencies would do this as well.)

- " Beatriz Pelaez of the USAID office in Cochabamba volunteered to compile reference materials on "women in development" and gender issues to be made available in the library of the DAI/CONCADE offices for staff members of the different coordinating agencies of the Alternative Development Projects, and anyone else needing to reference this information.
- " When designing training materials for the project beneficiaries consider using the services of such institutions as CEPRA and AVE which specialize in materials and programs for rural and indigenous populations who have had limited access to formal education.
- " Rosio Gonzáles and other technicians and field agents should identify local women in the Chapare who could be trained to become community leaders, such as the two women who came to speak during the seminar. These could be paid as field agents to work with the Gender Specialist on special projects and also serve as examples for other women in the region.

PART TWO

MICROCREDIT IN THE CHAPARE

CHAPTER SEVEN

GROUP LENDING PROGRAMS FOR WOMEN

In many areas of the world, the primary barrier preventing women from participating in development projects in decision-making capacities and in capacities where they can assume power and control over resources, is that they have not had access to basic education. Therefore, if the development projects propose to promote equality in men's and women's participation, the women may first need intensive training and education in elementary skills. Based on the initial contact that the field staff of the DAI/CONCADE Project has had with the female project beneficiaries in the Chapare, their assessment is that a majority of these women fall into this category.

It has been demonstrated around the world that group lending programs based on solidarity guarantees, such as "village banking" programs, which combine training with credit, provide a very successful methodology to instruct women in basic life skills. The programs are based on the principle that through self-management of credit and savings funds, and receiving training in various subjects from nutrition to small business management, not only will women increase their family incomes and savings, but they will develop self-esteem and promote community solidarity. The credit groups give the women a forum, a safe place, to meet weekly where they can share experiences, learn about new topics, and take an active role in the management of their own businesses. In essence, the group becomes a training ground for women to build self-confidence, develop leadership roles, and prepare them to assume decision-making positions within the development projects.

To determine which of the existing financial institutions specializing in microcredit in Bolivia might be appropriate for establishing a group lending program based on the "village banking" methodology in the Chapare, I met with all of the below-mentioned organizations. I found that though the majority have very successful programs, they do not operate in rural areas and do not use "village banking" methodologies. Of the few institutions that do operate group lending programs in rural areas of Bolivia, only one, CRECER /Freedom from Hunger, is interested in initiating operations in the Chapare. The organization would need support, however, to assist with covering the high costs of opening operations in a new rural zone, and possibly to help guarantee against some of the risk of portfolio loss which seems to be inherent in the Chapare region.

CHAPTER EIGHT

HISTORY OF FINANCIAL INSTITUTIONS AND CREDIT IN THE CHAPARE

The Chapare is viewed by the management of most Bolivian financial institutions as a risky region in which to do business since much of the population living there has what is colloquially known as a “donation mentality”. During recent years, the people living in the Chapare have received millions of dollars in donations, both in cash and in kind, from development organizations. Consequently, most of the attempts that have been made to establish credit programs have not been very successful, since the people are not accustomed to using credit and repaying funds which they receive from external sources.

In fact, some of the small cooperatives and other financial institutions which have operated in the region in recent years have never recovered the majority of the loans they made. A good example of this is AGROCAPITAL, an institution that was created as the financial arm of the PL-480, and CORDEP development projects (predecessor to the CONCADE Project), which still has US\$5 million dollars in delinquent loans outstanding from this project. Most of the financial institutions which were conducting business in the region have closed their operations there.

As the region continues to develop, however, and move towards an economy based on a variety of crops and productive activities, and away from an economy based on donations and proceeds from the sale of coca leaves, it faces an issue that is similar for many rural areas in Bolivia. That is, most financial services are nonexistent and this will impede the local economy’s ability to grow and diversify. Agricultural production credit is necessary, as well as an array of complete financial services including savings, investment, money transfers, microenterprise financing, and consumer credit.

It will not be that easy for the population of the Chapare to obtain these services, though, as most of the well-known, established financial institutions—including those specializing in microcredit—have no plans to enter the Chapare region in the near future. Even if they were interested and willing to assume the risks, the up-front costs of opening new branches or offices in a rural area such as the Chapare are high, and thus, it is difficult or impossible for many existing institutions to undertake such an expansion. The only possibility, in certain cases, of the institutions moving into the Chapare is if the DAI /CONCADE Project, or some other entity, would assist with the initial costs, and/or provide some type of guarantee fund to partially cover the risk of portfolio loss.

CHAPTER NINE

FINANCIAL INSTITUTIONS CURRENTLY OPERATING IN THE CHAPARE

Despite the widely held belief in the Bolivian financial community that the Chapare region poses too many uncertainties to conduct business there, several institutions do operate in the area. Two have been there for awhile and two have recently opened offices. The services they offer are limited, though, and, as previously mentioned, none employs a group lending program based on the “village banking” methodology.

AGROCAPITAL

AGROCAPITAL was founded in 1992 under the auspices of the Bolivian Government and the United States Agency for International Development (“USAID”). The objective of AGROCAPITAL was to administer an agricultural credit program for farmers who were willing to conduct other profitable agricultural activities instead of growing coca plants. This new institution was to function in conjunction with the PL- 480, and CORDEP projects. Unfortunately, the manner in which the credit program was managed was not conducive to ensuring its success. The biggest problem was that AGROCAPITAL did not select its clients. Rather, the client base was dictated by the project. The institution still has about US\$5 million dollars outstanding from this period, the majority of which is considered by management as unrecoverable. The only office currently open in the Chapare is in Ivirgarzama. Its transactions and activities are minimal.

The lessons that AGROCAPITAL learned from its initial experience of offering credit in the Chapare were that: 1) the credit institution must be responsible for selecting its own clients; 2) an institution should not just give agricultural loans; it needs to have a diverse portfolio; and 3) the total family income needs to be considered when determining the basis for repayment on an agricultural production loan. Taking these lessons into consideration, AGROCAPITAL currently offers two types of credit: microcredit loans of US\$600 - US\$4000 for which it requires a personal guarantee, and larger loans for which the institution requires a mortgage security as collateral. Their primary market is rural and they offer loans for agricultural and small animal “production” activities, as well as the production of all licit products. Their interest rates range between 16%-24% annually. At the national level, 70% of AGROCAPITAL’s microcredit clients are women.

In 1997, AGROCAPITAL began the process of becoming a “Fondo Financiero Privado”, or Private Financial Fund (PFF). As such, it will be regulated by the Bolivian Government’s Superintendent of Banks and will then be able to capture savings from the public, and greatly diversify the financial services it offers.

CENTRO DE INVESTIGACION Y DESARROLLO REGIONAL (CIDRE)

El Centro de Investigacion y Desarrollo Regional (CIDRE), the Center for Research and Regional Development, a Bolivian NGO, was founded in 1981 in Cochabamba. It began providing financial services in 1990 with funding from the InterAmerican Development Bank. CIDRE provides loans to microentrepreneurs for agricultural production, animal husbandry projects and other small businesses, as well to municipalities for infrastructure purposes. CIDRE channels funds from FONDESIF, a Bolivian Government entity, which in turn receives funds from many different sources. The institution presently operates in 12 provinces of the department of Cochabamba, including the Chapare, where it recently opened an office. CIDRE will have a minimum of US\$2 million dollars from FONDESIF to lend in the Chapare, over the next four year period.

CIDRE's methodology to mitigate the risks in the Chapare are to require that: 1) the individuals applying for a loan be affiliated with a "sindicato" (syndicate) or producer's association; 2) the president or treasurer of the producer's association co-sign for the loan, and 3) both the husband and wife sign for the loan. (CIDRE will not lend only to the husband since its experience has demonstrated that men are not as conscientious about repaying loans as women are. Also, in much of Bolivia, especially in the rural areas, the wife is the one who runs the household economy.) CIDRE requires guarantees—either through a mortgage security or some other form of collateral. Loans are made in US dollars. Interest rates range from 12% to 16% annually. CIDRE attributes its success as a lending institution to the fact that it immediately initiates legal action against debtors if they stop paying. This is a policy management recommends to all institutions offering credit—especially in the Chapare region.

COOPERATIVA DE AHORRO Y CRÉDITO "SAN ANTONIO", LTDA.

The San Antonio Savings and Loan Cooperative (CACSA) of Cochabamba is a 33-year old institution that is registered with the Bolivian Government's Superintendent of Banks. CACSA presently has a loan portfolio of US\$5.8 million, and 40,000 members. They charge a flat 18% interest rate per annum on most of their loans. Though they use solidarity guarantees on some of their group loans, the majority of their loans are secured with personal collateral. CACSA is considered to be one of the strongest savings and loans cooperatives in the Department of Cochabamba. In 1998, during depressed economic conditions, they still managed to generate almost a quarter of a million dollars profit. Approximately 44% of their clients are women.

CACSA recently opened a small branch office in Villa Tunari, Chapare. At the end of November 1999, the General Manager of CACSA presented a US\$2.5 million, 3-year proposal to the DAI/CONCADE Project for assistance in expanding its portfolio in the region. He was informed that the Project would not be in a position to respond for at least a few months, since it is just beginning the process of defining its criteria for the design of some type of credit "trust" for Project beneficiaries in the Chapare region.

HOSPICIO, LTDA.

HOSPICIO, Ltda. is another savings and loan cooperative which has among its operations lending activities in the Chapare. The institution has worked with the people of the this region for approximately three years. They have an agreement with three transportation “sindicatos” (syndicates). The reason they sign an agreement with the entire syndicate is for guarantee purposes, though they’ve worked with forming smaller target groups within the syndicate. They lend in both dollars and bolivianos. Their current portfolio in the Chapare is approximately \$95,000. Due to the coca eradication, the economy of the Chapare is depressed, and this has adversely affected Hospicio’s business. They have not had very favorable results this year and are suffering a high delinquency rate. They have extended the maturity dates of many loans to facilitate payments. The institution is currently in the process of becoming approved and regulated by the Bolivian Government’s Superintendent of Banks, but supposedly their equity/asset ratio is not acceptable yet.

CHAPTER TEN

OTHER FINANCIAL INSTITUTIONS (PROGRAMS) INTERVIEWED

APIMEC

For the past four years, APIMEC, The Center of Assistance for the Small and Microenterprises and Services of Cochabamba has operated a small credit program (approximately US\$500,000) funded by the InterAmerican Development Bank. It offers individual loans ranging from approximately US\$400 to US\$8,000 to microentrepreneurs. at 16%-18% annual interest. Personal or mortgage guarantees are required. Though the institution is offering vocational training services in the Chapare, it is not, and does not plan to offer credit services there.

BANCO SOLIDARIO (BANCO SOL)

Founded in 1992 as one of the first commercial banks to offer financial services exclusively to microentrepreneurs, BancoSol, has become one of the more widely known financial institutions in Bolivia. In 1998 the bank had 41 branches in urban areas within five departments around the country, through which it was serving over 81,000 clients. The current portfolio is approximately US\$81 million dollars. The institution offers a variety of financial services including credit in the form of small group loans which only require a group “solidarity” guarantee, and individual loans which require different types of collateral, depending upon the size of the loan. Interests rates vary between 18% and 30% annually. Seventy five percent of BancoSol’s clients are women.

CRECER/FREEDOM FROM HUNGER

CRECER/Freedom From Hunger is an NGO that specializes in group lending programs for women, using a “village banking” methodology, in the rural areas of Bolivia. Of the institutions interviewed which employ this type of methodology, it is the only one that is interested in establishing operations in the Chapare. (See Part Two Section 5, and Annex 4 for details.)

CATHOLIC RELIEF SERVICES (CRS)

CRS is an international NGO that sponsors and manages a broad range of development and relief services, including enterprise development/credit programs. In July of 1998, CRS/Bolivia signed an agreement with two other institutions to begin a US\$1.5 million dollar rural “village banking” program in four departments over a three-year period. In addition, CRS also supports three other micro-enterprise and income-generating projects. At

the end of 1998, almost 6,000 people were accessing financial and non-financial services through these three projects. Seventy five percent of these clients were female. Although the institution is expanding into various rural areas of the country through the 1998 agreement, senior managers are not interested in initiating operations in the Chapare region for the same reason that many other institutions do not want to operate there: they believe it is too risky due to the history of the region with respect to credit.

FIE, S.A.

FIE, S.A., a Private Financial Fund (PFF), was founded in March 1998 by FIE (“Centro de Fomento a Iniciativas Económicas”, Center of Promotion of Economic Initiatives), a private, non-profit organization (NGO) created in 1985, to support the sustainable development of small economic units belonging to poor families with limited access to conventional forms of credit and training. As a PFF, FIE, S.A. is authorized and supervised by the Bolivian Government’s Superintendent of Banks and Financial Entities. It can therefore capture savings from the general public and offer other financial services which FIE, the NGO, can not.

FIE, S.A. operates primarily in urban areas in seven of the nine departments of the country. It serves more than 21,000 clients, 60% of whom are women. In 1998 the portfolio was US\$14 million dollars comprised of short, medium, and long-term loans which were collateralized through personal guarantees and mortgage securities. FIE, S.A. only extends small, individual loans, the average size being approximately US\$670.00. The institution has a repayment rate of 98.5%. Management is presently not interested in operating in the Chapare. Although, it might consider opening a branch there if the other financial institutions operating in the region experience favorable results during the next couple of years.

The NGO, FIE has always had a very strong training component in small business management which it combined with its credit services. The NGO, FIE is still managing the training component, while the PFF is responsible for the credit services. The main source of funds of the NGO is donations, but it covers its administrative costs through its investment in the PFF, FIE, S.A.

PRODEM

In 1986 a group of successful Bolivian businessmen, along with several national and international organizations, created PRODEM, The Foundation for the Promotion and Development of Microenterprises, as a non-profit, non-governmental organization with the objective of supporting and improving the quality of life for the microenterprise and self-employed sector of Bolivia through access to non-subsidized credit. The organization pioneered (in Bolivia) the use of solidarity credit technology that had been developed by ACCION International, another NGO, in other countries. Under this “technology”, formal collateral is replaced by granting loans to a group of microentrepreneurs who guarantee each others loans. PRODEM was extremely successful in implementing this technology.

The demand for credit from the informal sector grew dramatically, and PRODEM decided that it was too limited as an NGO to meet this demand, since it had to rely on donations as its primary source of funds. So, in 1992, some of organization's founders decided to create Banco Solidario S.A. (BancoSol), one of the first commercial banks dedicated exclusively to offering financial services to microentrepreneurs. This commercial bank, like any other, could access funding sources through capturing savings, inter-bank credits, the issuance of securities, and opening lines of credit from second-tier banks. PRODEM transferred (sold) its portfolio, and primary offices in urban areas to BancoSol.

After the creation of BancoSol, PRODEM changed its strategy and directed its activities to the rural areas of Bolivia. It initiated a "program aimed at delivering efficient, viable, simple and client-driven credit to rural inhabitants and proving that Bolivian farmers could be credit subjects." In addition to solidarity group loans, it began offering individual loans designed for clients in a position to offer collateral. The organization's current portfolio is about \$27 million dollars. It services over 50,000 clients, approximately 70% of whom are women, through its 56 agencies throughout the country. It extends loans for both agricultural and commercial activities. The interest rates it charges are 18-22% annually for dollar loans and 25% for boliviano loans. PRODEM is financially self-sustainable.

PRODEM is presently in the process of creating a PFF (Private Financial Fund), to be able to diversify its funding base and offer additional types of financial services, such as, wire transfers, debit card, drafts, suppliers payments. The NGO, PRODEM, will initially hold just over 50% of the PFF and will continue to operate other types of programs, such as training activities.

Until recently, PRODEM's senior management felt that the Chapare region was too unstable politically to do business there. However, they now believe that this situation has changed considerably, and they are very interested in establishing operations in the region. In fact, they already conducted their own market study which indicated that the region would be profitable, and they have plans to open an office there by February 2000. Management has had discussions with representatives from the DAI/CONCADE Project about establishing some type of cooperative effort between the two institutions, through which PRODEM could channel credit or investment funds to the producers' associations in the Chapare.

PRO MUJER

Pro Mujer (Programas para la Mujer, or Programs for Women) is an NGO founded in 1990 that focuses on providing training and credit programs for underprivileged women in urban and peri-urban areas of Bolivia. Pro Mujer's philosophy is that the key to sustainable development is empowering women so that they, in turn, can change the situations of their families and communities. The institution, like many other successful microcredit institutions, is convinced that training and education combined with credit is the most effective way to change women's lives. Currently, Pro Mujer has 22,000 clients in four of the country's nine departments, and its credit program is financially self-sufficient.

The methodology that Pro Mujer utilizes in its credit program closely follows traditional “village banking” standards and activities. “Village bank” formation starts with 15 days of basic business training of prospective clients. From there on, weekly or biweekly meetings are held. Each village bank has 25-30 women, who are divided into smaller solidarity groups. Each solidarity group has its own manager. These managers form the credit committee of the village bank. Loan cycles are from 12 to 16 weeks, and the interest rate charged is 48% annually if the loan is in bolivianos and 36% if in dollars. A commission of 2% is also charged. Savings of a minimum of 20% of the loans are mandatory and the members distribute the profits from internal loans (funded from savings) among themselves.

One of the criticisms of many “village banking” programs is that since they do not allow men to participate, they are discriminatory. Pro Mujer had a classic experience which clearly demonstrates why most of these programs exclude men. In 1997 the institution introduced men into some the “village banks”. However, this quickly had negative effects on the program as payment rates dropped drastically, and the women allowed the men to take control of the groups’ governing boards. These same results have been seen around the world in similar programs when the participation of men has been permitted. Pro Mujer dealt with this, as have some other institutions with “village banking” programs, by allowing men to participate in the credit groups, but not to hold positions on the governing boards.

Pro Mujer’s management is not really interested in operating in the Chapare, given the risk factors associated with the region and the fact that the institution does not have much experience in rural areas. Nonetheless, suggestions which they offered for any institution which is thinking of establishing a “village banking” program in the region were: 1) conduct a thorough market study which would include looking at the availability of transportation, and most importantly, looking at the actual solidarity factor of the population, and 2) include a VERY STRONG educational component in the program.

CHAPTER ELEVEN

CRECER: PROPOSED “VILLAGE BANKING” PROGRAM IN THE CHAPARE

The only institution operating a successful “village banking” program in rural areas of Bolivia that indicated an interest in opening an office and beginning operations in the Chapare region is CRECER/ Freedom from Hunger (Crédito con Educación Rural, or Credit with Rural Education).

INSTITUTIONAL INFORMATION

CRECER is the largest and most successful institution operating group lending programs in rural areas in Bolivia. Freedom from Hunger, an international NGO, began operations in Bolivia in 1985 and until 1990 it operated primarily in the area of health. In 1990 a pilot project was initiated in the Lake Titicaca region, combining credit with rural education in the areas of: health, nutrition, family planning, the administration of microbusinesses, and the administration of “village banks. This pilot project formed the basis of the program (institution), known as CRECER. In September 1995, Freedom from Hunger was awarded a 5-year, US\$2 million dollar grant from USAID/MED/IGP to build the institutional capacity of Freedom from Hunger/CRECER to provide services on a large scale to very poor women in the rural areas of Bolivia.

Presently, the institution is in the process changing its status from an international NGO to a Bolivian NGO. In October 1999 founding documents were signed for the new Bolivian NGO “CRECER” and a new Board of Directors was formed which will advise Freedom from Hunger on many matters including the formulation of a five-year strategic plan and a three-year business plan. It is expected that CRECER will have approximately 14 months of legal issues and “paperwork” to undergo from the October 1999 date before it can become fully functional. Therefore, the projected date for the official transfer of assets and staff of Freedom from Hunger/CRECER to CRECER is January 2001.

Since its activities are not controlled by the Bolivian Government’s Superintendent of Banks, CRECER is considered a non-regulated financial institution. This does not mean that the institution is unsound, only that, like other non-regulated institutions it is limited as to its sources of funds and the services it can offer. However, like many NGO’s operating microcredit programs, its goal is to reach the “poorest of the poor” and it can do this more easily than regulated institutions which are much more restricted in terms of how they can operate. For instance, CRECER’s “village banking” methodology provides access to loan funds easily, without requiring collateral, and with very few legal transactions.

The “Credit with Education” methodology uses the regular group meetings of borrowers to deliver both financial and educational services. Participants meet on a weekly or biweekly basis during 4 and 6-month loan cycles for financial transactions. Fifteen of the seventeen meetings in a 4-month loan cycle or eleven of the thirteen meetings in a 6-month cycle with biweekly meetings can also be used for participant training and education (the first and last

meetings are used for disbursement and repayment of the loan to the program). Loans per client range from approximately US\$50 to US\$550, depending upon the cycle and the length of time the client has been with the institution. The interest rate charged is 3.5% a month. (It is an accepted fact in the microcredit industry that “village banking” programs—especially those in rural areas—are expensive to operate. The institutions therefore charge interest rates which may seem quite high compared to the prevailing market interest rates in the formal financial systems of their respective countries. However, the interest rates charged by the “village banking” programs are still much lower than rates charged by usurers, who, in many cases offer the only alternative for credit for the programs’ clients.)

Currently, CRECER operates three regional offices in La Paz, Cochabamba, and Oruro, from which it serves four departments in Bolivia. Under an agreement which it has just signed with PLAN International, it will open a new regional office in Sucre in the immediate future. CRECER has approximately 18,500 members or clients. The outstanding loan portfolio was US\$2,800,000 as of October 1999. The delinquency rate of 0.56% is the lowest of any major microfinance institution in Bolivia. Though donations constitute a majority of the institution’s source of funds, they also have a US\$900,000 dollar loan from the commercial bank, Banco Bisa, on which they are paying 18% annual interest. The program is almost financially self-sufficient, with a 94% return on operations.

MARKET STUDY OF THE CHAPARE

CRECER has already done a preliminary investigation concerning the possibility of expanding their operations in the department of Cochabamba to include the Chapare region. Management has concluded that enough of an infrastructure and sufficient economic activity exist in the Chapare to justify opening a branch office there. However, a more formal in-depth study is necessary to determine all of the specific information which is critical to the success of a credit program such as: the level of demand; the best area(s) in which to begin; the nature of the informal credit system (if any) which exists; the knowledge and experience of the population regarding credit; etc.

Although CRECER would like to move ahead with conducting such a study, it does not have sufficient financial resources to cover the costs. Like most small NGOs, it receives the majority of its funds from outside sources—primarily larger development institutions, governments, or international agencies. Management has indicated that it will submit a proposal to the Director of the DAI/CONCADE Project for funding to cover the costs of this market study. I recommend that if the scope of the proposal seems reasonable, DAI/CONCADE should provide the funding.

PROPOSAL FOR CHAPARE PROGRAM

Although the market study has not been done, I requested the senior management of CRECER to submit a proposal to the DAI/CONCADE Project outlining how the institution would establish and operate a “village banking” program in the Chapare over a three-year

period. I wanted to get an idea of the structure CRECER would use, and more importantly, the costs that they would foresee incurring to build and manage the program. If the DAI/CONCADE Project were to fund proceed with providing funding to CRECER to open an office(s) in the Chapare, it should ask for a new proposal which would be modified based on the results of the market study.

Based on my experience in designing, evaluating, and managing group lending programs, I judge the tenets of this preliminary proposal to be sound. (See Annex 4, CRECER Proposal.) The institution would provide all of its own training materials, hire and train its own employees, and manage its own operations. However, it would cooperate with the DAI/CONCADE Project in terms of defining the areas within the Chapare where it would work. The field agents of DAI/CONCADE could introduce members of producer associations and other groups to CRECER to ensure that the Project beneficiaries are also beneficiaries or clients of CRECER. There could also be the possibility of other cooperative efforts as determined beneficial by both institutions.

By funding CRECER's activities in the Chapare, the DAI/CONCADE Project would be achieving two goals: it would be contributing to the development of women in the region and it would be contributing to the strengthening of a Bolivian NGO. Given the urgent need for both of these types of activities, I recommend that the Project assist CRECER in moving into the region. (Contingent, of course, on the market study indicating that a "village banking" program could be successful there.) If the size and scope of the preliminary proposal seems too ambitious, then DAI/CONCADE should consider requesting CRECER to present a scaled back proposal which does not require as many resources, but would still allow the institution to initiate operations in the region.

CONTRACTUAL AGREEMENT

If a decision is made that the DAI/CONCADE Project will provide funding for CRECER to establish a program in the Chapare region, a contractual agreement between the institutions should clearly define the terms and conditions of the funding. In addition to any standard legal terms necessary such as the area of jurisdiction of the agreement, the duration of the agreement, the grounds for termination of the agreement, etc., the contract should specify:

- " The objective of the relationship
- " Terms of operation including the responsibilities and obligations of CRECER and those of DAI/CONCAE
- " Annual targets regarding the number of new "village banks" formed; the number of clients being served; the portfolio size; the percentage of portfolio in arrears, and the level of financial self-sustainability of the program

- " The reporting system by which CRECER would inform DAI/CONCADE of the program's progress, including, but not limited to, monthly portfolio data, quarterly budget and other financial reports
- " The type of monitoring, in addition to receiving reports, that DAI/CONCADE would be entitled to do, such as visits to village banks
- " Geographic areas where CRECER could operate
- " Whether the funds provided to CRECER would be in the form of a grant or a loan, or a combination of the two. (It is advisable to have the nature of the funding be contingent upon the program's performance. For example, if CRECER were to meet all of its targets, then the funds could be considered a grant, but if targets were not met, then all or part of the funds would have to be returned, with or without interest.)

The management of CRECER is confident that it would be able to deal with the risks and difficulties which any credit program in the Chapare will face. However, these difficulties should be given serious consideration when defining, for contractual purposes, the expected results of a prospective "village banking" program. It might be best to consider the first year of operations as a pilot project, the results of which would indicate realistic outputs. Another factor to be taken into account when determining expected program results is that rural microcredit programs face greater challenges than urban programs due to higher levels of poverty, illiteracy, dispersed and isolated populations, and the need for bilingual field staff. (In the case of the Chapare: Spanish/Quechua or other indigenous languages.) These issues increase the cost of providing services and create greater difficulties for the programs to become financially self-sustaining.

RELATIONSHIP MANAGEMENT

Although CRECER's program does focus on promoting women's development, it is a credit program. Given that the profile of DAI/CONCADE's Coordinator of Women's Activities (Gender Specialist) position does not require a background or experience in credit, the responsibility for the coordination and supervision of the proposed relationship with CRECER should be assigned to a different position. Ideally, the person with this responsibility would be a woman experienced in dealing with or managing microcredit programs. If this is impossible, however, then the person should have a background in credit and finance. Among the duties that this person would be assigned, would be to train, or have CRECER train, the DAI/CONCADE field agents in the philosophy and methodology behind women's group lending. This would be able them to identify groups of women which would benefit from this type of program.

CHAPTER TWELVE

ADDITIONAL CREDIT ALTERNATIVES FOR WOMEN

Group lending programs using the “village banking” methodology meet the needs for credit and training of a certain sector of women. However, there will be some women in the Chapare who will require access to different types of credit and other financial services. For example, they may need larger loans than those traditionally offered by group lending programs. Provided that these women meet the requirements of the other financial institutions currently operating in the Chapare, or who will operate there in the future, they should have access to services without facing discriminatory issues either based on their gender or ethnicity.

CHAPTER THIRTEEN

DAI/CONCADE AND OTHER CREDIT PROGRAMS

Although my scope of work did not include analyzing institutions for their capacity to manage credit operations in the Chapare other than village banking programs, I did discuss this with various institutions during my research. Several of the institutions including BancoSol, CIDRE, Cooperativo San Antonio (CACSA), and PRODEM expressed an interest in coordinating with the DAI/CONCADE Project to expand or establish credit and other financial services for the population in the Chapare. CACSA actually presented a proposal to DAI/CONCADE outlining how it would channel credit funds through its existing branch in the Chapare. Though it did not present a formal proposal, PRODEM, which is going to open an office in the Chapare by February 2000, outlined an interesting mechanism to provide credit for producer associations for large scale projects.

Manuel Carballo, a consultant hired by DAI to review the possibility of setting up a trust mechanism for agricultural production credit in the Chapare, and I had several discussions regarding how the Project could work with or fund these institutions. Based on our preliminary findings and information, we agreed that the best way to approach the issue would be first to design the parameters of the trust(s). Then there could either be an open bidding process for the financial community at large, or specific institutions, already identified as financially sound, could be invited to submit proposals.

CHAPTER FOURTEEN OBSTACLES/CHALLENGES FOR CREDIT PROGRAMS IN THE CHAPARE

GRANTS, SUBSIDIES, CREDIT

A major challenge to developing credit systems in the Chapare, as mentioned above, is changing the mentality of the population there. To start with, the producer associations with which the DAI/CONCADE Project is working had the role of grant conduits in previous development projects. Trying to move them from this status through the phase of subsidy reductions and assist them in evolving to the point where they can operate profitably using credit will take time and some innovative programs. Related to this challenge is the fact that among and within the projects operating in the Chapare, there is a mix of activities involving grants, subsidies, and pure credit. If not managed correctly, this sends very mixed messages to the beneficiaries. Clear policies need to be established and communicated to the beneficiaries regarding the purpose for the different types of funding, or else these current projects could end up, like their predecessors, fostering the donation mentality in the region.

COORDINATION WITH OTHER CREDIT PROJECTS IN THE CHAPARE

Other development projects operating in the Chapare also offer, or will be offering, credit. PRAEDAC, a project funded by the European Union, will eventually be managing a credit fund of US\$4 million dollars. They most likely will structure this fund in the same way the DAI/CONCADE Project is considering establishing a credit mechanism: by asking the financial institutions who would like to manage this fund, based on strict terms, to bid on it. Also, the project which FAO is operating is already lending to both men's and women's producers groups by setting up revolving loan funds. The terms of these loan funds are quite flexible, and in many cases, they end up becoming grants.

It is critical that there be some level of coordination among all of the Alternative Development Projects with regards to their policies, especially regarding the issue of credit. If some institutions are planning to fund certain activities by providing credit to the beneficiaries in an attempt to try and move the population of the Chapare away from a "donation mentality", but other institutions still plan to fund similar activities with direct grants to the beneficiaries, the population will never become self-reliant.

My recommendation is that a committee with representatives from each institution operating in the Chapare—financial institutions and institutions implementing alternative development projects—should be formed specifically to deal with the issue of coordinating policies regarding grants, subsidies, and credit. (There already is a coordinating entity, but to my knowledge, it has not specifically dealt with credit issues.)

REGISTRATION WITH THE GOVERNMENT OF BOLIVIA

Another obstacle that the DAI /CONCADE Project might have to deal with if it decides to offer credit in the Chapare—even if it does this through other institutions—is the possibility of having to register the funds with the Bolivian Government. There are conflicting reports regarding the validity of this regulation. Some officials have insisted that the funds will have to be channeled through the government, and thus be subject to many rules which may make the programs prohibitively expensive for the rural farmers in the Chapare. The managers of the financial institutions with whom I spoke said that this was not necessarily the case. This issue will have to be clarified in the event that the Project proceeds with any credit-related activity.

ANNEX A
SCHEDULE OF ACTIVITIES

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Wednesday, November 3, 1999	Read FAO Report, "La Mujer en el Trópico de Cochabamba" Travel from Miami to Bolivia
	COCHABAMBA
Thursday, November 4, 1999	Meetings with: Beatriz Pelaez, Financial Analyst USAID; José F. Herrera, Regional Manager PRODEM; Ramiro Arias, Investment Manager & Pedro Nava, Credit Manager HOSPICO, Cooperativa de Ahorro y Crédito
Friday, November 5, 1999	Meetings with: Rosio Gonzáles, Coordinator of Women's Activities DAI; Javier Prieto, Managing Director Cooperativa SAN ANTONIO; Steven Huffstutlar, Director DAI/CONCADE Project; Phone conversation with Dr. Armand Ferrufino, Director PRAEDAC
Saturday, November 6, 1999	Read Reports: CONCADE Project Work Plan, Chapare Financial Report
Monday, November 8, 1999	Meetings with: DAI Division (Project Component) Directors; Team at FAO (Kitty Bentvelsen UNDCP, Elena Grooteman FAO); Mario Andia Antezana, Credit Supervisor AGROCAPITAL; Discussion with John A. Sabella, Consultant DAI
Tuesday, November, 9, 1999	Meetings with: DAI Division Directors; Rodrigo Brenes, Director Marketing & Investment and Maria René Arze, Promotion and Investment Specialist DAI; Larry Szott, Director Transfer of Agricultural Technology DAI, Gregory Minnick, Principal Technical Advisor FAO, & Daniel Sánchez, Technical Manager IBTA
	LA PAZ
Wednesday, November 10, 1999	Conference on Gender Issues in Development Projects; Set up meetings w/ agencies
Thursday, November 11, 1999	Meetings with: Eduardo Bazoberry, Executive Director PRODEM; Jeffrey Levine, Specialist in Rural Microfinance USAID; Holly Inurreta, Asst. Country Representative CRS; Robert Ridgley, General Manager & Alfonso Torrico, Operations Manager Freedom from Hunger/CRECER

Friday, November 12, 1999	LA PAZ Meetings with: Hugo Bellot, Finance Manager PRO MUJER; Enrique Soruco, General Manager FIE
Saturday, November 13, 1999	COCHABAMBA Work with Rosio Gonzáles, Meeting with Irma Severich, Executive Director CEPRA
Monday, November 15, 1999	CHAPARE Visit ASAP, Assn. de Apicultores de Porvenir, Villa 14 de Septiembre. Meetings with: the women's assn. and the men's assn. Representatives; Ana Maria Bayro, Gender consultant, FAO.
Tuesday, November 16, 1999	Visit ASPROPI, Assn. de Productores de Pina, Mariposas.
Wednesday, November 17, 1999	Visits: ASPROPI; AMACH, Assn. de Artesanas de Chimoré, (JipiJapas), Chimoré
Thursday, November 18, 1999	Video filming: Col. San Gabriel (Insinuata); ASAIPA, Assn de Productores de Palmito, Col. Gualberto Villaruel (Valle Ivirsa); Feria "Expotropico", Chimoré
Friday, November 19, 1999	Meeting with Juan Clavija, representante CIDRE Video filming: ASPROBAN, Assn. de Productores de Bananeros, Col. Villa Fernandez,; Feria "Expotropico", Chimoré
Saturday, November, 20, 1999	COCHABAMBA Edit and approve voice over of video, AVE (Audiovisuales Educativos) Prepare seminar "La Integración de la Mujer en el Desarrollo Alternativo"
Monday, November 22, 1999	Final edit of video; Prepare seminar; Meeting with Manuel Carballo, Credit Consultant DAI, & Javier Prieto, Managing Director Cooperativa SAN ANTONIO
Tuesday, November 23, 1999	Prepare seminar; Meeting with Manuel Carballo, Credit Consultant DAI
Wednesday, November 24, 1999	Present seminar "La Integración de la Mujer en el Desarrollo Alternativo"; Post-seminar luncheon, discussion with Richard W. Fisher, Regional Coordinador USAID Cochabamba; Write trip report
Thursday, November 25, 1999	COCHABAMBA Write trip report; Phone conversation with Chuck Foster, Marketing Advisor DAI, re: history of previous Project, CORDEP; Meeting with Rosio Gonzáles
Friday, November 26, 1999	Meeting with Larry Szott & Rosio Gonzáles; Write trip report

Saturday, November 27, 1999	Review/analyze CRECER village bank proposal for DAI/CONCADE Project; Write trip report
Monday, November 29, 1999	Meetings with Cristian Acevedo, Director APIMEC; Rosio Gonzales DAI; Phone conversations with Richard Fisher, Beatriz Pelaez.
	LA PAZ
Tuesday, November 30, 1999	Meetings with: Kenneth Wiegand, Jeffrey Levine, Denise Martinez, David Gardella, Fabian Aguirre, Hector Diaz de Medina, and Shirley Leigue USAID, and Steven Huffstutlar and Rosio Gonzales DAI; Robert Ridgely, and Alfonso Torrico, Freedom from Hunger/CRECER, Steven Huffstutlar and Rosio Gonzales DAI; Eduardo Bazoberry and Sergio Operations Manager PRODEM, Dr. John Magill and Preston Pettie, DAI.
Wednesday, December 1, 1999	Phone conversation with Cristina Schultz, Consultant DAI to discuss redesigning CONCADE Project Work Plan to include integration of gender issues and objectives. Work on report. Travel.

ANNEX B

INSTITUTIONS CONTACTED

INSTITUTIONS CONTACTED

FINANCIAL INSTITUTIONS (Or institutions with financial programs)

INSTITUTION ADDRESS & E-MAIL	CONTACT PERSON TITLE / POSITION	PHONE & FAX NUMBERS
AGROCAPITAL Nataniel Aguirre No. S-0669 Casilla Postal 5901 Cochabamba agromail@comteco.entelnet.bo	Mario Andia Antezana Supervisor de Creditos	Phone: 591-4-501250 Fax: 591-4-501255
APIMEC (Centro de Apoyo a la Pequeña y Micro Empresa Industrial y de Servicios Cbba.) Calle Ladisiao Cabrera O# 260, Piso 2 Cochabamba craa@comteco.entelnet.bo	Cristian Acevedo Director	Phone: 591-4-251518 Fax: 591-4-580189
BANCO SOL Calle Nicolas Acosta No. 289 Casilla 13176 La Paz Cheredia@bancosol.com.bo	Carlos A. Heredia Velasco National Finance Director	Phone: 591-2-392810 Fax: 591-2-391941
CIDRE (Centro de Investigacion y Desarrollo Regional) Juan de la Cruz Torrez No.1674 Casilla Postal 1804 Cochabamba cidrecbb@albatros.cnb.net	Juan Clavijo Román	Phone: 591-4-232743 Phone: 591-4-232566 Fax: 591-4-117220
Cooperativa de Ahorro y Credito "San Antonio" Ltda. Calle Tarata No. E-0352 Casilla Postal 1464 Cochabamba reinsan@digicom.bo.net	Javier Prieto Nagel Director	Phone: 591-4-258019 Phone: 591-4-258021 Fax: 591-4-258023

INSTITUTION ADDRESS & E-MAIL	CONTACT PERSON TITLE / POSITION	PHONE & FAX NUMBERS
CRECER / Freedom from Hunger Calle Alfredo Ascarrunz No.2563 (Sopocachi) Casilla Postal 13748 La Paz ffhcrece@caoba.entelnet.bo	Robert Ridgley, General Manager Alfonso Torrico, Operations Manager	Phone: 591-2-411662 Phone: 591-2-411633 Fax: 591-2-328243
CRECER / Freedom from Hunger Avd. Rene Moreno 1395 Cochabamba	Alfredo Hurtado Regional Director	Phone: 591-4-281863
CRS (Catholic Relief Services) Jacinto Benavente No. 2190 2do. Piso Casilla Postal 2561 La Paz crsbo@coaba.entelnet.bo	Holly Inurreta Assistant Country Representative	Phone: 591-2-323335 Phone: 591-2-352993 Fax: 591-2-392228
FIE, S.A. (Fondo Financiero Privado) General Gonzáles No. 1272 Casilla Postal 15032 La Paz ffpfie@ceibo.entelnet.bo	Enrique Soruco General Manager	Phone: 591-2-379992 Phone: 591-2-322933 Fax: 591-2-322850
HOSPICIO, Ltda. (Coop. de Ahorro y Crédito) Calle 25 de Mayo No. N-267 Casilla Postal 1492 Cochabamba hospicio@comteco.entelnet.bo	Ramiro Arias Alborta Investment Manager Pedro Nava Garcia Credit Manager	Phone: 591-4-253153 Phone: 591-4-259700 Fax: 591-4-257945

INSTITUTION ADDRESS & E-MAIL	CONTACT PERSON TITLE / POSITION	PHONE & FAX NUMBERS
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PRAEDAC	Dr. Armando Ferrufino	Phone:
PRODEM (Fundación para la Promoción y Desarrollo de la Microempresa) Calle Pedro Salazar No. 509 (Sopocachi) Casilla Postal 13963 La Paz prodebo@ceibo.entelnet.bo	Eduardo Bazoberry Executive Director	Phone: 591-2-419323 Fax: 591-2-418148
PRODEM Calle Nataniel Aguirre No. 594 Casilla Postal 784 Cochabamba	José Herrera Villegas Regional Manager	Phone: 591-4-232874 Phone: 591-4-259189 Fax: 591-4-259190
PRO MUJER (Programas Para la Mujer) Obrajes Calle 9 Av. Hernando Siles Edif. El Zodiaco No 455 P.B. Oficina 10 Casilla Postal 7338 La Paz promujer@ceibo.entelnet.bo	Hugo Bellot Arnez Finance Manager	Phone: 591-2-784711 Phone: 591-2-784942 Fax: 591-2-786804

OTHER INSTITUTIONS

AVE (Audio Visuales Educativos) Calle Nataniel Aguirre No. 594 2do. Piso Casilla Postal 5521 Cochabamba	Maria de la Cruz Canedo Director	Phone: 591-4-501061 Fax: 591-4-501061
CEPRA (Centro de Producción Radiofónica) Av. Simón Lopez No. 959 Edificio Ulises, 2do. Piso Casilla Postal 1986 Cochabamba cepra@albatros.cnb.net	Irma Severich Guzmán Executive Director	Phone: 591-4-296295 Fax: 591-4-296295

INSTITUTION ADDRESS & E-MAIL	CONTACT PERSON TITLE / POSITION	PHONE & FAX NUMBERS
FAO (United Nations Food & Agriculture Organization) Avd. America Este No. 155 Cochabamba	Victor Villegas Director Gregory Minnick Principal Technical Advisor	Phone: 591-4-248124 Phone: 591-4-243852 Fax: 591-4-247987

ANNEX C

**PROGRAMA DEL SEMINARIO
“INTEGRACION DE LA MUJER AL DESARROLLO ALTERNATIVO”**

PROGRAMA DEL SEMINARIO “INTEGRACION DE LA MUJER AL DESARROLLO LTERNATIVO”

**24 DE NOVIEMBRE DE 1999-11-23
HOTEL COCHABAMBA**

8:00 – 8:10	AM	Bienvenida
8:10 – 8:40		Propósito del Seminario—Explicación del tema de Género
8:40 – 9:00		Video sobre la situación actual de la mujer en el Chapare
9:00 – 9:05		Preguntas y comentarios sobre el video
9:05 – 9:30		Trabajo en grupos
9:30 – 9:55		Presentaciones de los grupos
9:55 – 10:05		REFRIGERIO
10:05 – 10:15		Introducción al tema de Microcrédito
10:15 – 10:45		Presentación de la institución CRECER (Crédito con Educación Rural)
10:45 – 11:00		Preguntas y comentarios sobre presentación de CRECER
11:00 – 11:10		REFRIGERIO
11:10 – 11:30		Presentación de CEPRA (Centro de Producción Radiofónica) y de AVE (Audio Visuales Educativos)
11:30 – 11:35		Preguntas y comentarios sobre presentación de CEPRA y AVE
11:35 – 11:55		Presentación de dos mujeres representantes de Chapare: Romualda Torponi y Máxima Velásquez
11:55 – 12:05		Preguntas para las mujeres
12:05 – 12:15		DESCANSO
12:15 – 12:20		Sugerencias y comentarios sobre el seminario
12:20 – 12:30		Clausura
13:00		Almuerzo ofrecido por DAI para los participantes

ANNEX D

FREEDOM FROM HUNGER/“CRECER”

**PROPOSAL FOR A VILLAGE BANKING PROGRAM
IN THE CHAPARE**

(See attached pages.)